

DEPARTMENT OF STATE REVENUE

LETTER OF FINDINGS NUMBER: 01-0110P

**Sales and Use Tax
Calendar Years 1997, 1998, and 1999**

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ISSUE(S)

I. **Tax Administration** – Penalty

Authority: IC 6-8.1-10-2.1(d); 45 IAC 15-11-2

Taxpayer protests the penalty assessed.

II. **Tax Administration** – Interest

Authority: IC 6-8.1-10-1

Taxpayer protests the interest assessed.

STATEMENT OF FACTS

Taxpayer protests the penalty and interest assessed on an audit completed on January 8, 2001.

Taxpayer failed to self assess use tax on clearly taxable items and had no use tax accrual system in place until the audit began. Taxpayer also failed to report all of its taxable sales and failed to retain exemption certificates from its customers.

1. **Tax Administration** – Penalty

DISCUSSION

Taxpayer's audit report revealed that no use tax accrual system was in place. The taxpayer failed to self assess tax as required by statute. In addition, taxpayer made sales to its employees without charging sales tax and failed to have exemption certificates on file for its customers.

Taxpayer merely states that it did not understand use tax and believed that most of its customers were exempt from sales tax because they were Christian camps or not for profit organizations.

Taxpayer, however, should be aware of Indiana Tax laws when doing business in this state. Failure to have a use tax accrual system in place constitutes negligence.

FINDING

Taxpayer's protest is denied.

II. TAX ADMINISTRATION - Interest

DISCUSSION

Taxpayer protests the interest assessed.

The Department has not authority to waive interest.

FINDING

Taxpayer's protest is denied.

CONCLUSION

Taxpayer's protest is denied for Issues I and II.